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C O N F I D E N T I A L SECTION 01 OF 02 KYIV 004299

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TAGS: [PREL](#) [PGOV](#) [PHUM](#) [UP](#)  
SUBJECT: UKRAINE: PRESIDENT YUSHCHENKO FOCUSED ON KEEPING  
PM YANUKOVYCH ON EURO-ATLANTIC COURSE

Classified By: Ambassador for reasons 1.4(a,b,d).

¶1. (C) Summary: In a 40-minute meeting November 17, President Yushchenko told visiting EUR A/S Fried that he was optimistic about making cohabitation work and his ability to move his relationship with PM Yushchenko and his team from coexistence to cooperation. He expressed concern about several disagreements with the PM and Cabinet of Ministers in specific areas, but said that both he and the PM were committed to Euro-Atlantic integration as the ultimate guarantor of Ukrainian sovereignty and independence. On NATO, Yushchenko said that he was ready to sign a MAP, and that agreement on a MAP would consolidate Ukraine behind membership. Yushchenko supported the PM's December visit to Washington, noted that his Chief of Staff, Viktor Baloha, and newly-appointed Chairman of the National Defense and Security Council (NSDC) Vitaliy Haiduk both planned to visit the U.S. soon, and hoped that the Secretary and the President would both be able to visit Ukraine in the near future. End Summary.

#### From Coexistence to Cooperation

¶2. (C) President Yushchenko said that although the internal political situation was complex, he was optimistic about moving from coexistence to cooperation. Ukraine's political elites were not yet united and he had had a very short time to make that happen. Former opponents now had to learn to work together for the good of the country. Yushchenko said that he did not want to minimize the difficulties of the process, but that his long November 13 meeting with the PM had been very positive and that he was determined that they would continue to meet.

#### Not Satisfied in All Areas

¶3. (C) Yushchenko highlighted the fact that he was not happy with all the decisions made by the PM and Cabinet of Ministers. He did not like the grain export restrictions and the control of grain process; he was not satisfied with pause in the privatization process; and he did not like the financial management provisions in the current draft of the budget. Yushchenko noted that he was unhappy with the gas price agreements since there was no formula included for setting the price -- in the fact the deal had been agreed with the "sigh" of politics. Also of concern were the PM's "contradictory" statements made in Brussels September 14, although Yushchenko was convinced that this was now an issue on his personal agenda with the PM and that the two teams were united in support of a Euro-Atlantic direction for Ukraine.

¶4. (C) President Yushchenko was confident that the issues raised by the PM's team during the March parliamentary elections were simply campaign rhetoric. Yushchenko was sure that there would be no more talk of federalism, of giving

Russian the status of a second official language or of opposition to a united church. However, it was important to find ways to resolve all of these issues.

#### But Euro-Atlantic Integration Key

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15. (C) Yushchenko said that he wanted to raise several issues. He believed that Euro-Atlantic integration and a European direction should be the dominant prerequisite for the PM. Yushchenko was clear -- only Euro-Atlantic integration could guarantee Ukrainian sovereignty and independence. And Ukraine could not share in the economic, social and humanitarian aspects of Europe without being within the framework of its common defense structure. Therefore, it was critical now to raise the MAP issue and he was ready to sign. This was an issue that he had raised with the PM; and he was satisfied with the PM's answers, but this was a question of taking steps and concrete actions. If the President, PM and Speaker all signed on to MAP, then this would be an important step toward consolidating the elite in support of a common foreign policy and defense policy. Otherwise Ukraine's very independence could be threatened.

16. (C) Regarding WTO, Yushchenko said that it was important to "go the distance" and expressed the hope that the WTO working group would meet in December and come up with a positive result. He worried about the model of "harmonizing" Ukraine's WTO accession with Russia, noting that harmonization would mean that Ukraine would not be able to accede to the WTO for "several years." Instead, it was critical for Ukraine to implement the entire package of legislation required for WTO accession. He said that 21 laws had been passed in the first reading; Chief of Staff Baloha corrected him, noting that the draft law on metallurgy was

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still being written.

17. (C) Yushchenko described the "logic" of the European model of integration as beginning with WTO accession. This would be followed by negotiation of a free trade agreement with the EU, and then sectoral agreements in 4-5 key areas -- energy systems, space exploration and aviation, free media and democracy, legal and judicial issues and tourism. However, with the WTO accession, then "we would have to reject it all" and settle for a far lower level of cooperation.

#### Looking for U.S. Help in Getting into Europe

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18. (C) Although a date and time did not have to be fixed, Yushchenko asked A/S Fried for support with the Europeans on getting some indication that EU membership was possible at some point in the future. What was not needed was yet another "neighborhood." In particular, help was needed with the UK, Germany and France. A/S Fried urged Yushchenko to ensure that Ukraine took the necessary steps to help themselves by fighting corruption and moving toward the Euro-Atlantic community; this was the best way to convince the Europeans that Ukraine was a good EU candidate. In response to A/S Fried's comment that the Europeans were in disarray, Yushchenko quipped that "the Europeans themselves had turned into Euro-skeptics."

#### Supporting the Bilateral Relationship

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19. (C) Yushchenko foresaw a dynamic bilateral policy dialogue for the next year, beginning with a series of visits, including the PM's December visit to Washington -- a trip that he fully supported as a way to ensure the PM's support for his strategic goals for the country. A/S Fried agreed, noting that the PM could use the visit to convince Americans that he wants to lead Ukraine into the Euro-Atlantic community. Yushchenko supported trips to Washington by Presidential Chief of Staff Baloha and NSDC Chairman Haiduk and looked forward to visits to Ukraine by

the Secretary and the President. Yushchenko suggested that a "Gore-Kuchma" like series of meetings be re-established in order to balance the existing Yushchenko-Putin Commission, but in a "new version."

¶10. (C) In specific areas, Yushchenko hoped that U.S. technical support for ongoing security reform would continue (military-to-military programs) and that the U.S. would continue to help on energy independence and conservation. Yushchenko also asked about continued cooperation in the nuclear energy sector, given Ukraine's current 100 percent dependence on Russia for nuclear fuel. He requested continued USG support for the successful commercial venture with Westinghouse to produce nuclear fuel rods and diversify its supply away from complete dependence on Russia. A/S Fried said that the U.S. was strongly in favor of diversification in this area and would help. Yushchenko was enthusiastic about the MCC program, both the anti-corruption threshold program and a possible future compact, expressing the hope that MCC would provide the resources for a powerful development push and a "national breakthrough."

¶11. (U) A/S Fried did not have the opportunity to clear this cable.

¶12. (U) Visit Embassy Kyiv's classified website:  
[www.state.gov.gov/p/eur/kiev](http://www.state.gov.gov/p/eur/kiev).  
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